## **Abstract of the Disclosure**

The rate controller in a digital video encoding system is responsible for allocating a bit budget for video frames to be encoded. The rate controller considers many different factors when determining the frame bit budget. One of the factors considered is the complexity of the frames being compressed. Occasionally there will be a very complex frame that is not representative of the overall video frame sequence. Such a rare complex frame may cause a disproportionate affect on the bit budget allocation. The system of the present invention limits the amount that a very complex frame can change the bit budget allocation. The rate controller of the present invention also includes a relaxation factor. The relaxation factor allows a user to determine if the rate controller should strictly allocate its bit budget or relax its standards such that the rate controller may not be so conservative when allocating bits to frames.

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